

CITY LOGO

AGENDA REPORT

DATE: [DATE]

TO: [CITY NAME] Oversight Board

FROM: [NAME], [POSITION]

SUBJECT: A RESOLUTION OF THE OVERSIGHT BOARD OF THE CITY OF [CITY NAME], SUCCESSOR AGENCY TO THE DISSOLVED [AGENCY NAME], DIRECTING THE COMMENCEMENT OF A REFUNDING OF CERTAIN BONDS

RECOMMENDATION

It is recommended that the Oversight Board approve the resolution directing the Successor Agency to undertake proceedings for the refunding of the [NAME OF THE BOND(S)] through participation in the County of Los Angeles Redevelopment Bond Refunding Program ("Program").

BACKGROUND

Effective February 1, 2012, pursuant to Assembly Bill x1 26 ("AB 26"), redevelopment agencies throughout the State were abolished and prohibited from engaging in future redevelopment activities. AB 26 enabled the formation of Successor Agencies ("SAs"), which have the responsibility of winding down outstanding obligations of the former redevelopment agencies. On June 27, 2012, the State passed Assembly Bill 1484 ("AB 1484"), which included provisions permitting SAs to refund outstanding bonds or other obligations of a former redevelopment agency to achieve savings. Certain SAs have since refunded their existing redevelopment bonds to provide savings to taxing entities. Several other SAs around the State are in the process of taking actions to refund their existing redevelopment bonds based on today's favorable interest rate environment.

DISCUSSION/ANALYSIS

The former redevelopment agency issued [\$PAR AMOUNT] of [NAME OF THE BOND(S)] (the "Prior Bonds") to fund, among other things, [USE OF PROCEEDS], bond issuance costs and a bond reserve fund [IF APPLICABLE]. The Prior Bonds are currently outstanding in the amount of [\$___] million, and have a final term of [FINAL MATURITY] with existing interest rates ranging from [___% to ___%]. Based on today's interest rates, the Prior Bonds could be refunded to the same term at interest rates ranging from [___% to ___%]. The refunding bonds (the "Refunding Bonds") would produce annual savings of about [\$___] (total savings of [\$___] million). These savings will increase the amount of "residual" property tax available to be redistributed to other

taxing entities based on their proportionate share of the 1% property tax levy. The potential savings from the refunding are summarized below.

Name of Bond(s) Refunded	Annual Savings	Total Savings	Total NPV Savings
[NAME OF THE BOND(S)]	[\$___]	[\$___]	[\$___]

The County of Los Angeles has developed the Program to assist SAs in refinancing their outstanding redevelopment bonds in an efficient and cost-effective manner. The refunding bonds will be sold through a pooled financing structure with the County of Los Angeles Bond Refunding Authority serving as the issuer of bonds to the capital markets. Bonds issued under the Program may be sold in one or more series depending on the number of participating successor agencies and the various credit and financing characteristics of the refunded bonds. The Program offers SA participants the following benefits:

- **County Assistance** - The County will lead the effort to prepare all legal documents and Official Statements, solicit credit ratings and market the bonds.
- **Department of Finance Approval** – The County will take the lead in seeking approval of the refunding transactions from the California Department of Finance (DOF). The Program has been assigned dedicated staffing by DOF that will streamline the approval process required under AB 1484.
- **Continuing Disclosure** - The County will assume substantial responsibility for continuing disclosure related to the Refunding Bonds.
- **Efficient Procurement Process** - The County has put together a team of financial and legal experts to work on all aspects of the financing process.
- **Economies of Scale** - With multiple participants in the financing pool, the successor agency can achieve reduced costs of issuance.
- **Enhanced Financing Structure** - The Program will feature structural enhancements that improve the marketability of the Refunding Bonds and increase savings to local taxing entities.

Upon formally joining the [NAME OF REFUNDING POOL] Pool, the County will begin the process to draft finance documents for review and approval from the Successor Agency Board, Oversight Board, and the Department of Finance. The schedule below outlines the financing milestones associated with the [NAME OF REFUNDING POOL] Pool.

Tentative Financing Schedule

[DATE]	Draft Financing Documents
[DATE]	Successor Agency, Oversight Board, and DOF Approve Financing
[DATE]	County Board Approves Financing
[DATE]	Credit Presentation/Receive Rating
[DATE]	County Sells Tax Allocation Revenue Refunding Bonds
[DATE]	Close
[DATE]	Redeem Bonds

FISCAL IMPACT

If the Refunding Bonds are issued under current market conditions, the refinancing will reduce existing debt payments by *[\$___]* over the life of the Refunding Bonds, which will increase the “residual” property tax distribution to all taxing entities. The City will receive a share of this savings as a residual distribution from the Redevelopment Property Tax Trust Fund. Based on its recently approved ROPS, the City will receive about *[___%]* of the total savings generated from the Refunding Bonds, which is currently estimated to be *[\$___]*. All costs of the refinancing will be paid on a contingent basis from the bond proceeds.

If the refinancing does not proceed for any reason, any costs already incurred by the SA will be submitted for reimbursement on the next ROPS and shall not count against any administrative cost allowance of the SA as such allowance is defined in the Health & Safety Code Section 34171(b).

Submitted by:

[NAME OF STAFF]
Successor Agency *[STAFF TITLE]*

Approved as to form by:

[NAME OF ATTORNEY]
Successor Agency Legal Counsel

Attachment:

- *[Resolution No. ___]* - A RESOLUTION OF THE OVERSIGHT BOARD OF THE CITY OF *[CITY NAME]*, SUCCESSOR AGENCY TO THE DISSOLVED *[AGENCY NAME]*, DIRECTING THE COMMENCEMENT OF A REFUNDING OF CERTAIN BONDS